

HOUSE BILL REPORT

HB 2540

As Reported by House Committee On:
Health Care

Title: An act relating to access to individual health insurance coverage.

Brief Description: Revising provisions addressing access to individual health insurance coverage.

Sponsors: Representatives Schual-Berke and Morrell.

Brief History:

Committee Activity:

Health Care: 1/17/06, 1/27/06 [DPS].

Brief Summary of Substitute Bill

- Adds a consumer representative, and removes an insurance industry representative from the board of the Washington State Health Insurance Pool (Pool).
- Authorizes the Insurance Commissioner to review and approve the standard health questionnaire.
- Increases the amount of benefits the Pool may pay for an individual from \$1 million to \$2 million.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Cody, Chair; Campbell, Vice Chair; Morrell, Vice Chair; Appleton, Clibborn, Green, Lantz, Moeller and Schual-Berke.

Minority Report: Do not pass. Signed by 6 members: Representatives Hinkle, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Alexander, Bailey, Condotta and Skinner.

Staff: Dave Knutson (786-7146).

Background:

The Washington State Health Insurance Pool (Pool) provides health insurance coverage for individuals who take the standard health questionnaire when applying for individual health insurance and do not pass. It is governed by a board of 10 members who include one health

care provider, one health insurance agent, one small employer, one large employer, two consumers, and four representatives of health carriers. Coverage under the Pool includes a lifetime limit of \$1 million in benefits. The board develops the standard health questionnaire which is not subject to review or approval by the Insurance Commissioner. The standard health questionnaire is designed to identify the 8 percent of persons who are the most costly to treat who are under individual coverage in health benefit plans. The 8 percent of persons may be denied coverage by health carriers and then apply for coverage through the Pool. Catastrophic health plans currently have a calendar year deductible of at least \$1,500 and an annual out-of-pocket expense of at least \$3,000. All individual health plans are required to provide a prescription drug benefit with at least a \$2,000 annual benefit.

Summary of Substitute Bill:

A consumer representative is added, and an insurance industry representative is removed from the board of the Pool. The Insurance Commissioner is authorized to review and approve the standard health questionnaire. The amount of benefits the Pool may pay for an individual in their lifetime is increased from \$1 million to \$2 million. The benefit policy offered by the Pool must be designed to identify enrollees with one or more chronic health conditions and provide appropriate cost-effective care to address their needs. Each December, the Pool enrollees may move to any other policy offered by the Pool. Immunity language for the Pool, its enrollees, board members, staff, and others associated with it is clarified. Catastrophic health plan deductibles are increased from \$1,500 to \$1,750 and out-of-pocket expenses from \$3,000 to \$3,500. For policies covering more than one enrollee, the deductible increases from a minimum of \$3,000 to \$3,500 and out-of-pocket expenses are increased from \$5,500 to \$6,500. The Insurance Commissioner is authorized to update these figures annually to reflect the consumer price index for medical care for the preceding 12 months. The value of a prescription drug benefit available through an individual health benefit plan is increased from \$2,000 per year to \$2,500 per year, and will be increased by no less than \$100 per year on January 1 of each year.

Substitute Bill Compared to Original Bill:

The standard health questionnaire will continue to screen out the 8 percent of mostly costly cases.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect on January 1, 2007.

Testimony For: (In support) Consumers need a greater voice in the operation of the Pool. Health carriers should cover more people in the individual market.

(With concerns) The Pool is paid for by health carriers and should be operated according to health care carrier principles.

Testimony Against: These proposed changes will result in higher health insurance premiums, more people losing coverage, and could cause carriers to stop individual health coverage.

Persons Testifying: (In support) Sean Corry, Sprague, Israel, Giles, Inc.

(With concerns) Nancy Ellison, Regence; Pam MacEwan, Group Health Cooperative; and Darryl Price, Premera Blue Cross.

(Opposed) Mel Sorensen, America's Health Insurance Plans and Washington Association of Health Underwriters.

Persons Signed In To Testify But Not Testifying: None.